

Message Text

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ACTION AF-08

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FM AMEMBASSY LAGOS
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E.O. 11652: N/A
TAGS: EINV, NI
SUBJECT: PFIZER

REF: (A) STATE 293874 (B) LAGOS 13720

1. EMBASSY MADE DEMARCHE ON BEHALF OF PFIZER IN CALL ON PERMSEC
JODA OF MINISTRY OF INDUSTRY DECEMBER 8. PFIZER ISSUE ALSO
BROACHED MORE INFORMALLY AT DECEMBER 7 MEETING WITH NEPB
CHAIRMAN AL-HAKIM.

2. AL-HAKIM SAID HE APPRECIATED PFIZER'S POSITION BUT STATED
FMG'S POSITION THAT MINIMAL NIGERIAN 40 PERCENT EQUITY OF ALL
FIRMS INCORPORATED HERE WAS NON-NEGOTIABLE AND NOTED THAT MOST
EXPATRIATE FIRMS HAD ALREADY ACCEPTED THIS ON ENTERING CONSULTATIONS
WITH NEPB. AL-HAKIM WENT ON TO STRESS, HOWEVER, THAT FMG WOULD BE
FLEXIBLE IN DEALING WITH PFIZER AND ALL OTHER COMPANIES WHICH
ACCEPT THE 40 PERCENT INDIGENIZATION PRE-CONDITION. IN PFIZER'S
CASE, AL-HAKIM SPECULATED THAT NEPB WOULD LISTEN SYMPATHETICALLY
TO ARGUMENT THAT ALL OF PFIZER PRODUCT OPERATIONS IN IKEJA
(EXCLUDING LIVESTOCK FEEDS) WERE INTEGRATED, AND THUS SHOULD
BE LISTED UNDER ONE SCHEDULE, IN THIS CASE SCHEDULE III.
AL-HAKIM MADE IT CLEAR THAT THIS WAS NOT AN OFFER, BUT RATHER
A SPECULATIVE EXERCISE TO DEMONSTRATE NEPB'S
FLEXIBILITY. HE SUGGESTED THAT PFIZER REPS CONTACT HIM
TO DISCUSS THE FIRM'S STATUS.

3. JODA WAS EQUALLY FIRM IN RESPONDING TO EMBASSY DEMARCHE.
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NOTED THAT THE 40 PERCENT PROVISION HAD BEEN INCLUDED

DELIBERATELY TO CORRECT ABUSES ARISING FROM 1972
INDIGENIZATION DECREE FROM WHICH SO MANY EXEMPTIONS
WERE GIVEN MAKING THE DECREE WORTHLESS. NONETHELESS HE
ADMITTED THAT AN EXEMPTION WAS POSSIBLE IN THEORY BUT COULD
ONLY BE GRANTED BY THE CABINET. JODA ADDED THAT HE WOULD
RECOMMEND NOT TO GRANT PFIZER AN EXEMPTION. ALSO SAID
THAT HE WOULD TALK TO PFIZER REPS IF DESIRED.

4. COMMENT: CLEAR THAT ARGUMENTS PRESENTED IN PFIZER
"AIDE-MEMOIRE" DO NOT IMPRESS FMG WHICH IS SERIOUS ABOUT
ENFORCING MINIMUM INDIGENIZATION REQUIREMENTS FOR ALL
FIRMS. UNLESS PFIZER CAN COME UP WITH MORE CONVINCING
ARGUMENTS/PROPOSALS, IT APPEARS THAT COMPANY MUST ACCEPT
AT LEAST 40 PERCENT EQUITY INDIGENIZATION OR DISINVEST.
SINCE FMG WILLING TALK TO PFIZER DIRECTLY, SUGGEST FUTURE
DEMARCHES SHOULD BE MADE BY PFIZER ITSELF.
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